Peter A. Cunningham

INPUT Software Support Conference, London, 29th September 1994

Trends in European Software Support

Frankfurt • London • New York • Paris • San Francisco • Tokyo • Washington

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Agenda

- Trends in software support
- Perspectives from:
  - ICL
  - Hoskyns
  - CA
  - Oracle
- Discussion
- Conclusions & recommendations

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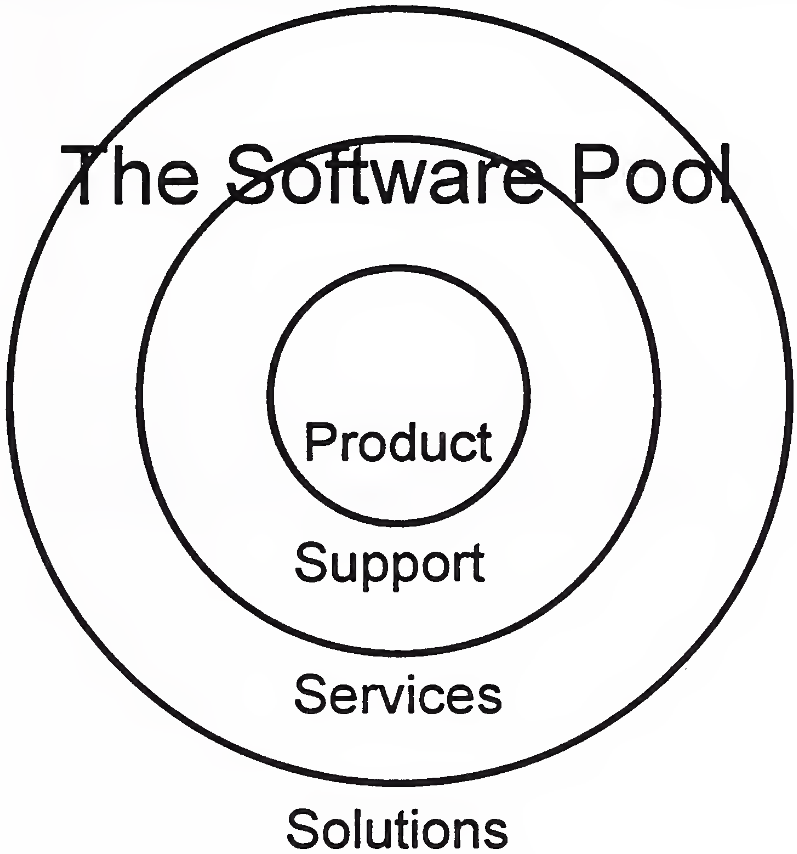
Notes:



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Notes:

Trend

- Push down on product pricing
- Push out towards services

INPUT

Notes:

Trend

Customer
Services

Customer
Support

Maintenance

INPUT

Notes:

Traditional Maintenance

- High margin
- Closed
- Cost centre

INPUT

Notes:

Customer Services

- Lower margin
- Competitive (open)
- Profit centre

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Notes:

Conflict Resolution

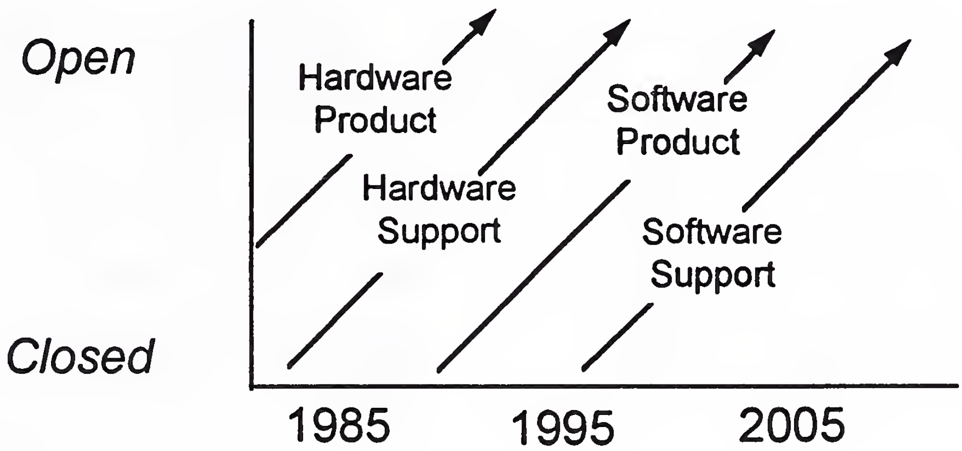
Old
- Customers used to pay for conflict resolution in *product* price

New
- Customers pay for conflict resolution in *service* price

INPUT

Notes:

Software Support Enters the Open Market



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Notes:

"Open" implies that the buyer has a choice of suppliers

The key success factors in the open software support market will be: tailored service levels, value-based pricing and delivery cost containment.

To exploit the emerging open support market, software and service vendors will need to implement the following recommendations:

- Introduce a portfolio of software product support services and service levels to match both current and future individual customer needs
- Actively price, promote and sell to customers the benefits and value of the support expertise from the vendor and networked partners
- Achieve continuous productivity improvements in the delivery of support services to counter price erosion from more open competition

Software Product Vendors Focus on the Server Market

DataCentre	Server	Workstation
OLTP →		← Groupware
Batch →		← Workflow
DSS →		← Multi-Media

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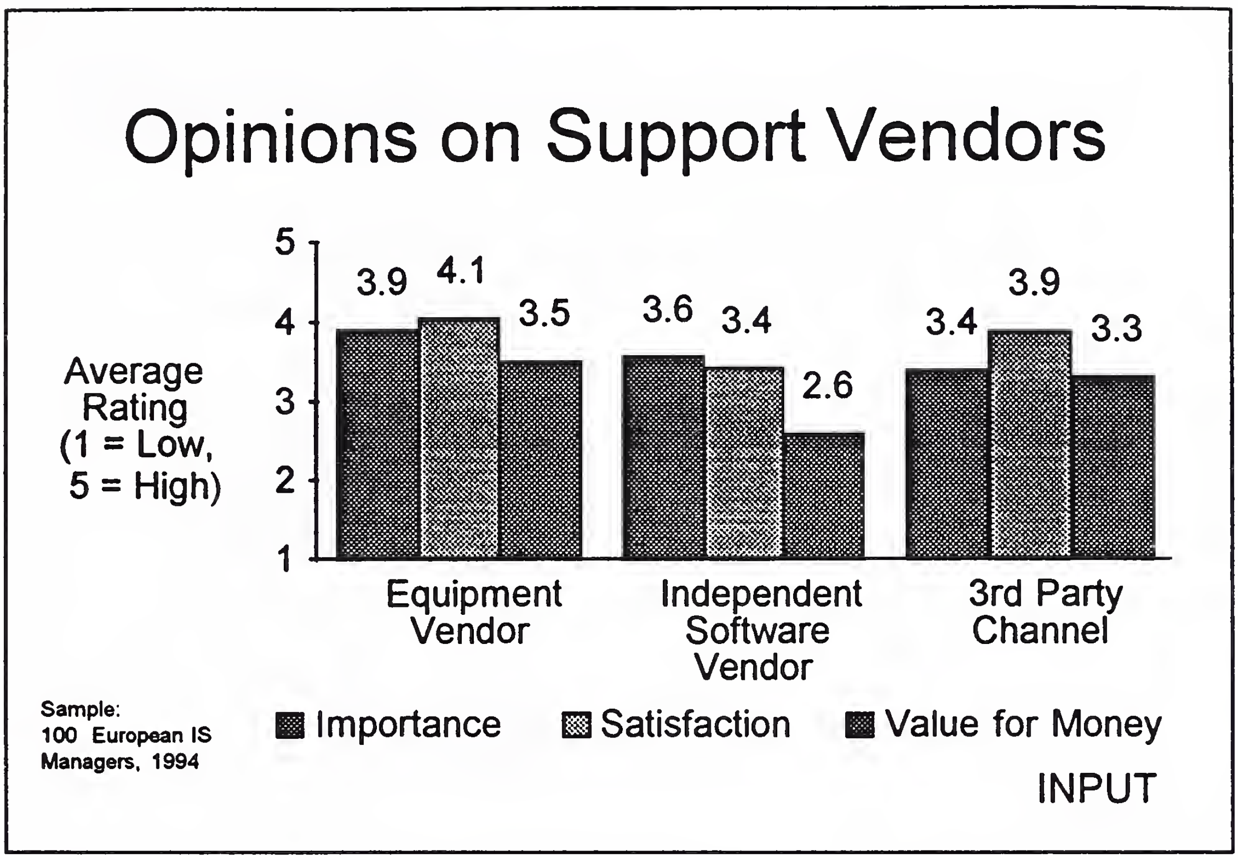
Notes:

- Datacentre vendors and workstation vendors focus on the server market
- Each group sees server product vendors controlling buyers (e.g.. Oracle, Sybase)
- Datacentre mindset is on security/accuracy
- Workstation mindset is flexibility/ease-of-use
- Clash of cultures will occur in server market
- Different pricing and different support channels



Notes:

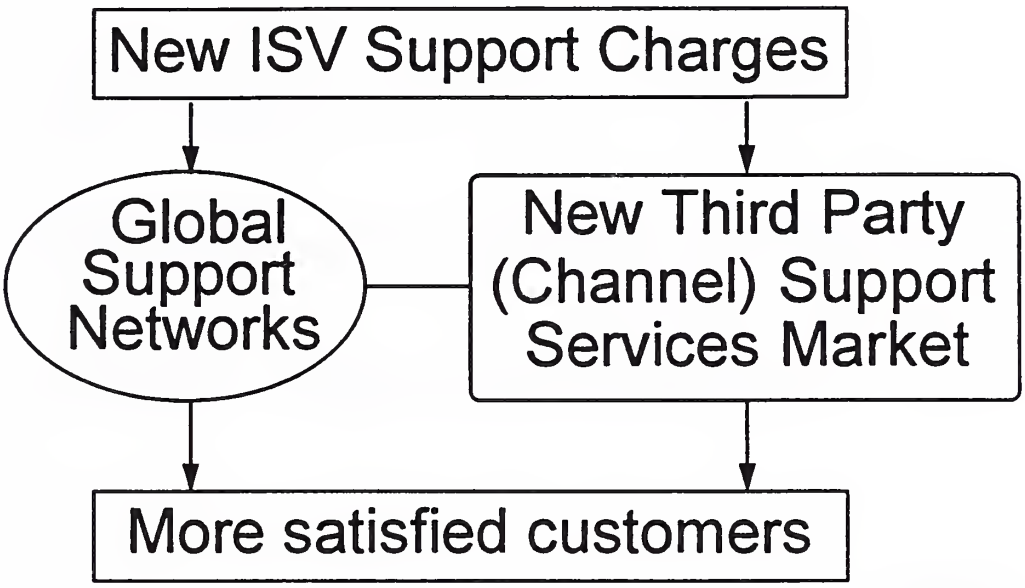
The market for support is becoming more open and customers are being exposed to more innovative offerings from competitors.

As the exhibit shows, users do not have a high opinion of the value for money of their existing support providers.

Users still show a preference for support from equipment vendors compared to independent third parties or ISVs (independent software vendors).

ISVs rated the lowest satisfaction, as might be expected, since most ISVs still focus on selling their products rather than making money from support.

Making New Support Markets



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Notes:

Independent software product vendors (ISVs) are turning more and more to channel partners in the expectation that they can more readily meet customer demands for support services on the ISV's software products.

A major change is underway to raise customers' opinion on the value of support and to reduce the inherent cost of supplying support services. This is resulting in the creation of a whole range of new support service opportunities for channel partners.

In many cases it is the market-leading software product vendors who are also leading the way in the introduction of innovative improvements to their support operations and to the marketing of these services.

Of course the vendor's motive is to increase customer satisfaction so that users will continue to buy more products.

Global Support Innovations

- SAP - proactive support *Watchman*
- Microsoft - peak load outsourcing
- Olivetti - support skills database

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Notes:

Many leading ISVs are planning to leverage their own scarce support skills with third-party resources. If they don't succeed then lack of support skills is likely to be the primary limiting factor in growing market share for their products.

All the largest vendors have a global support network in place that they expect to exploit and share with both partners and customers.

The relationship between the key business factors is shown in Exhibit as both PC software ISVs and data centre ISVs move to create a support services market for their trading partners. Their primary motive is to increase demand for more product.

Who will be the Future Services Market Leaders?

- Old model:
  Services = **Local** Experts

- New model:
  Services = **Networked**
  (geography-independent)

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Notes:

Services companies used to base their business on their own ability to develop custom software as a solution to a business application need.

Today this approach is being replaced with services which integrate existing software products to provide solutions.

The service is both more oriented to product technology and to business applications knowledge and implementation skills. Arming the user with the right tools for his job rather than writing software.

A networked service organisation leverages:

The vendor's product experts
Partners' experts (e.g. industry or application)
Customers' experts (self-help)

Issues in Software Support

- Users don't measure value
- Mismatched to needs
- Staple vendor revenue streams
- Global support networks
- Franchising local support
- Proprietary to open competition

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Notes:

New Individual Skill Profile for Client/Server

Know something of many

Master One

General Architectural Knowledge

Individual Specialisms

T for Training

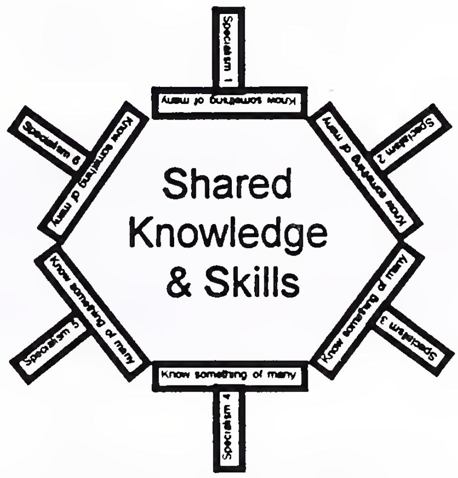
INPUT

Notes:

INPUT's research into training and re-skilling for client/server reveals:

- Customers are at pilot stage, while vendors are much more advanced in training their own staff
- Vendors are launching training portfolios
- Training and consulting conflicts can arise between different parts of a vendor's operations
- Promised C/S roll-out is still to come
- New c/s training profile for individuals and teams is shown in Exhibit

New Team Skill Profile for Client/Server



Individual Specialisms

T for Teamwork

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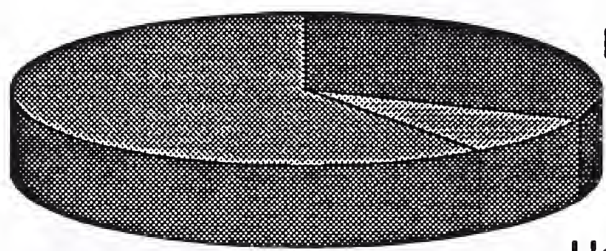
Notes:

Re-skilling for Client/server

- New skill profile for the individual also applies to teamwork
- Team members share a common understanding of the overall architecture for client/server, but bring their own specialist skills to the team

The Big Support Opportunity

In-House IS Staff Expenditures
Europe 1994



Total $74 Billion

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too small

$15 B total

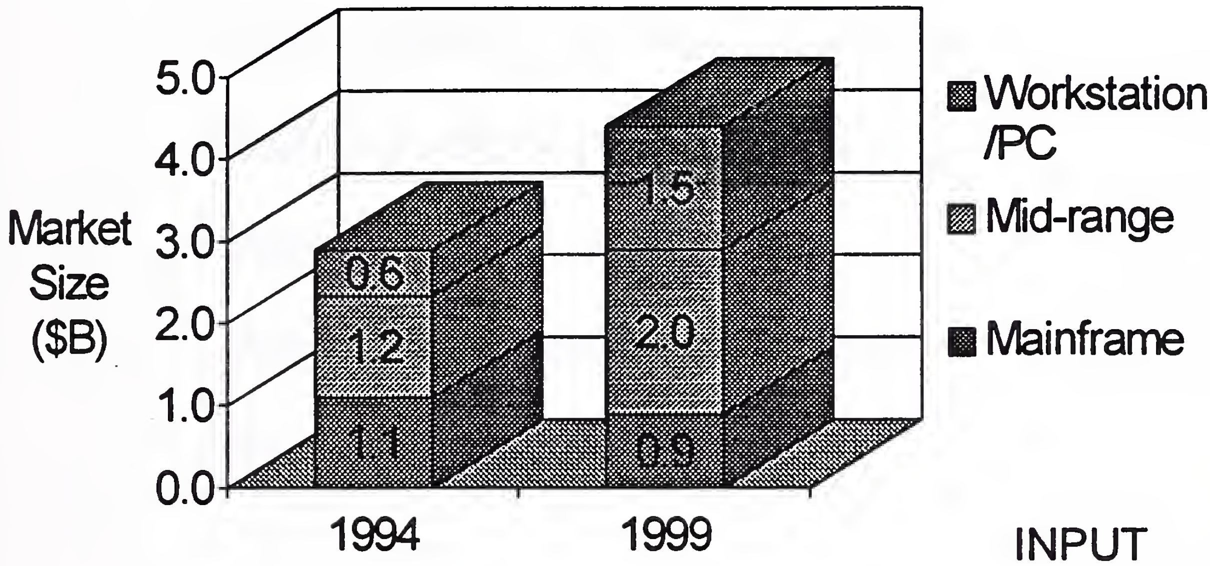
Notes:

- The primary opportunity for vendors of support services lies in the activities currently carried out in-house by the IS department staff
- Internal hotline services account for about 9% of expenditure
- New developments typically gain less than one third of in-house staff attention, as the majority work on supporting operational software systems

only count dedicated

29/9/94
MSSP

Software Product Support Europe 1994-1999



Notes:

- Decline in mainframe spending is in spite of wider use of applications software products
- Forecast assumes that the support value-for-money message is well marketed and accepted by desktop users
- Growth in the overall support market is predicted at 5% per year for systems software and 13% per year for applications products.

Vendors' New Objectives for Support Services

- Offer choice of support services
- Match customer's situation
- Increase user expertise
- Promote the value of support
- Relate *price* to *value*

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Notes:

ICL Europe
Desktop Software Support

Works with Help Desk Institute

Rhion H Jones
Business Development Manager
ICL Europe CS

Frankfurt • London • New York • Paris • San Francisco • Tokyo • Washington

ICL INPUT

Notes:

Rhion Jones joined ICL in 1980 after a career in personnel management with Ford and Welsh Water.

He has 10 years of experience in developing IT services business.

Among his previous roles has been the worldwide measurement of customer satisfaction, the development of telemarketing and catalogues businesses and the acquisition of a major TPM for ICL.

Today he specialises in new software services and is driving ICL's bid for industry leadership in IT *helpdesk* services.

In Context

ICL	• £2.5 Bn Revenues • Profitable • Acquisitions e.g.. NOKIA
Services	• Independent of *industry systems* and *volume products* • Growth outside the base • Skills .... and technology
Desktop	• 40 million PCs in Europe • Client/server growth • Volume and complexity

ICL INPUT

Notes:

Multi-Vendor

By Definition:

"In service terms .... no-one *owns* the desktop"

DIY

ICL

INPUT

Notes:

The Need for Better Support

- Poor quality end-user services
- Cost of fragmentation
- Slow payback on new technologies
- Exploitation lag

Wanted: SKILLS .... on the ground

ICL

INPUT

Notes:

ICL and Microsoft

- Pan European Solution
- Provider and Authorised Support Centre Agreement

ICL

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Notes:

Core Competencies

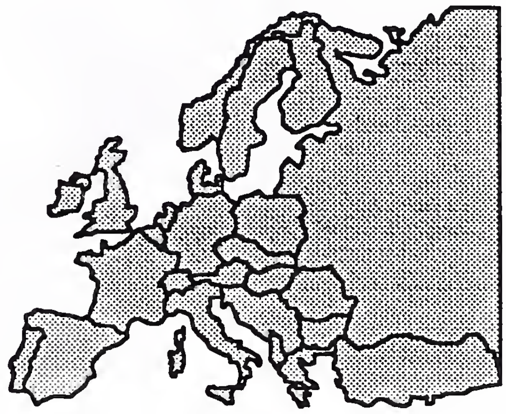
Software Suppliers	Service Specialists

• Marketing
• Technology
• Development
• TTM
• Sales Channel
• Product Supply
	• Customer care
	• Service Management
	• Skill Mix
	  – Depth
	  – Breadth
	• Capacity/Volume
	• HELPdesks

ICL	INPUT

Notes:

The Delivery Vehicle !



Microsoft ASC
in 15 countries
in Western Europe
and Nordic Countries

ICL

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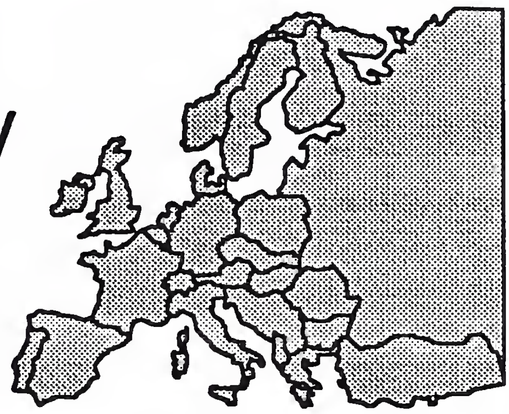
Notes:

Pan-European Skills Availability



- **Microsoft Certified Professionals** in every Country
- **Microsoft Certified Systems Engineers**
  Planned rapid Growth
- **International skills Mobility**
- **Microsoft Focus**

ICL | SUBSTANTIAL INVESTMENT | INPUT

Notes:

HELPdesks - A Key Service Delivery Capability

- European Companies spend $450 per workstation on providing HELPdesk support Internally
- ICL Focus on
    - Supporting or managing customers' *own HELPdesks*
    - Offering direct ICL alternative
- Exploit growing demand for JIT Training

" How do I do....this ? "

ICL

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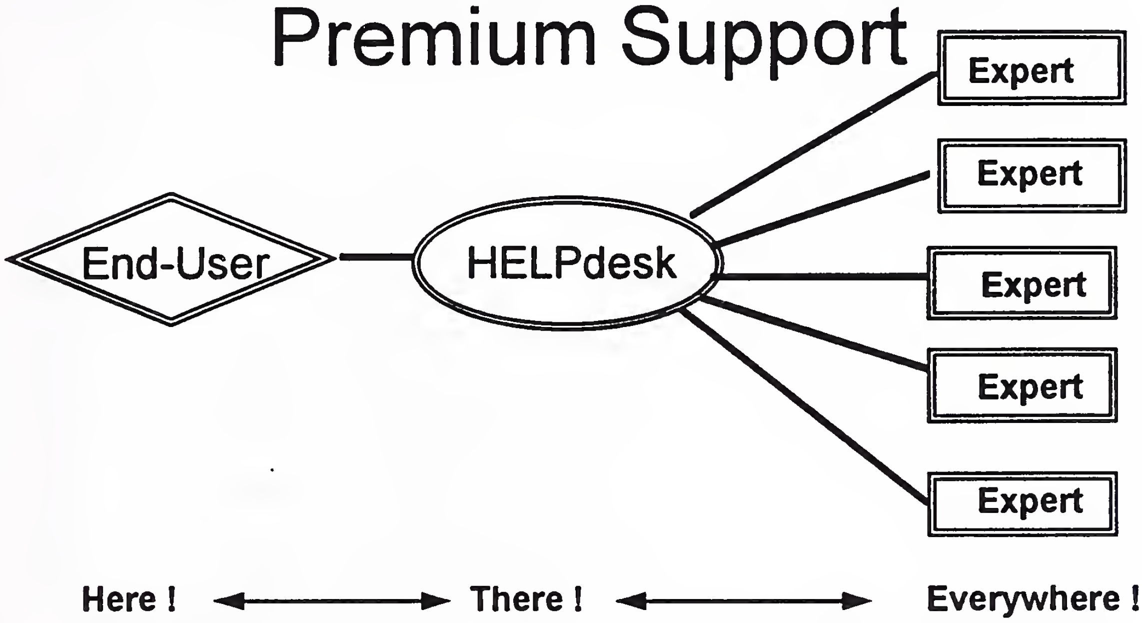
Notes:

Desktop Conferencing for Premium Support



ICL

INPUT

Notes:

ICL Investment In HELPdesks

- SHOWCASE HELPdesk Programme
- Exploitation of Knowledge Tools
- World-wide Standards
- Open Supplier Policy re HELPdesk Tools
- Innovative Marketing

ICL INPUT

Notes:

Issues

- In-house Vs Outsourcing
- Chargeability !
- Vendor co-operation to deliver optimum service to customers

ICL INPUT

Notes:

Computer Associates Software Support

Billy Keefer
Customer Services
Manager, CA

Frankfurt • London • New York • Paris • San Francisco • Tokyo • Washington

Computer Associates INPUT

Notes:

Billy Keefer entered the computer industry in 1977 with a Bachelor of Business Administration from Texas Christian University.

He joined CA in 1979 as a systems engineer supporting CA products on DOS/VSE and VM.

In 1984 he became UK support manager for CA's mainframe system products.

Today he is responsible for managing the UK support of all CA products, systems, finance/manufacturing, database and application development across mainframe, mid-range and micro platforms.

Computing Architecture for the 90s

Guiding Principles

- Preserve clients' investments
- Endorse & enhance industry standards
- Promote integration
- Extend & enhance distributed processing
- Enable portability

Computer Associates

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Notes:

?00 PRODUCTS

Computing Architecture for the 90s

Service Layers

Interface

- User I/F & visualisation services
- Integration services
- Distributed processing services

Computer Associates

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Notes:

Responsibility

"Support the client base"

no profit centres

Computer Associates

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Notes:

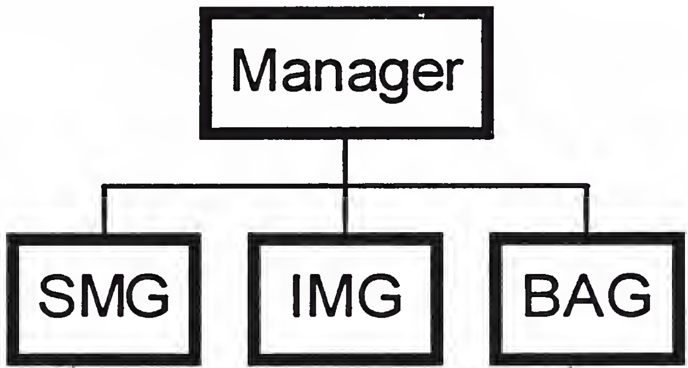
Support Organisation

- Mainframe
- Midrange   Difference
- Micro   — more complaints.

Computer Associates   INPUT

Notes:

Support Organisation



Computer Associates

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Notes:

'Sneaker net'.

· Broadcast
· One data base – one center.

Client Services

- Help desk response
  - Severity 1 0.5 hours
  - Severity 2 2 hours
  - Severity 3 4 hours
  - Severity 4 24 hours
- Target of 100% - currently at 99.12%

Computer Associates

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Notes:

Service is one to one.

Client Services

- Total Client Care
  - 1. Total Product Care
  - 2. Total Information Care
  - 3. Total Order Care
- Computer Associates Partnership Summary (CAPS)

Computer Associates

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Notes:

Hoskyns
Software Support

John Sherington
Customer Services Manager
Hoskyns Application Products

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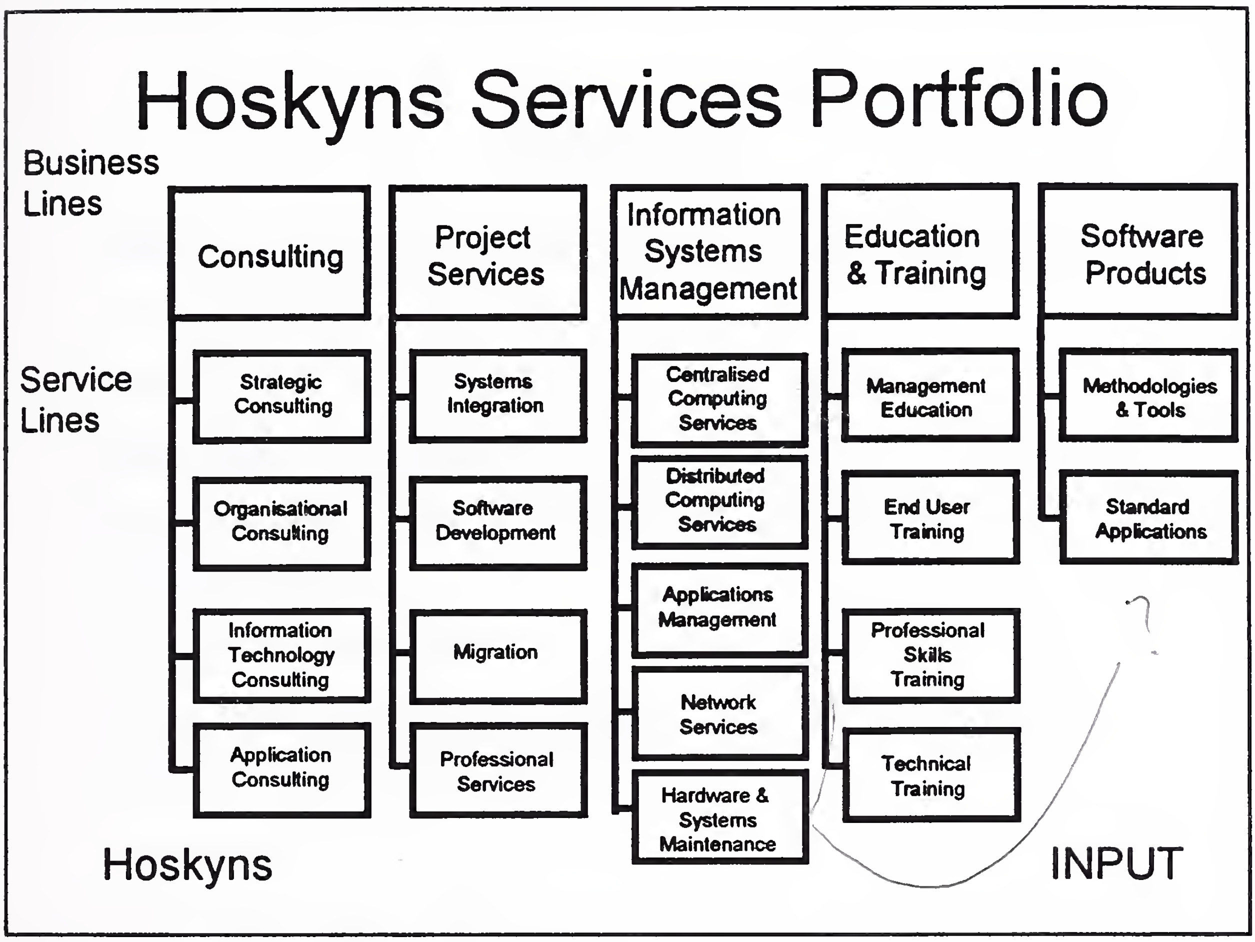
Hoskyns INPUT

Notes:

John Sherington is customer services manager for the applications products division of Hoskyns.

He has spent 11 years in the IT industry and manages the delivery of all product-related services from the UK.

Hoskyns mid-range applications user-base is primarily on AS/400 and DOS/Windows platforms.


Hoskyns Services Portfolio
Business Lines
Service Lines
Consulting
Strategic Consulting
Organisational Consulting
Information Technology Consulting
Application Consulting
Project Services
Systems Integration
Software Development
Migration
Professional Services
Information Systems Management
Centralised Computing Services
Distributed Computing Services
Applications Management
Network Services
Hardware & Systems Maintenance
Education & Training
Management Education
End User Training
Professional Skills Training
Technical Training
Software Products
Methodologies & Tools
Standard Applications
Hoskyns
INPUT

Notes:

Scope

- >500 customers serviced from UK service centre
- >15 products supported
- Platforms: AS/400, PC, UNIX, VAX
- Services: consultancy, training, CS & P, help desk
- Products & services offered in a multiplicity of partnerships
- ISO9000 certified
- Products & services offered as part of "bigger" deals i.e.. AM desktop projects

Appl'n Maint.

Hoskyns INPUT

Notes:

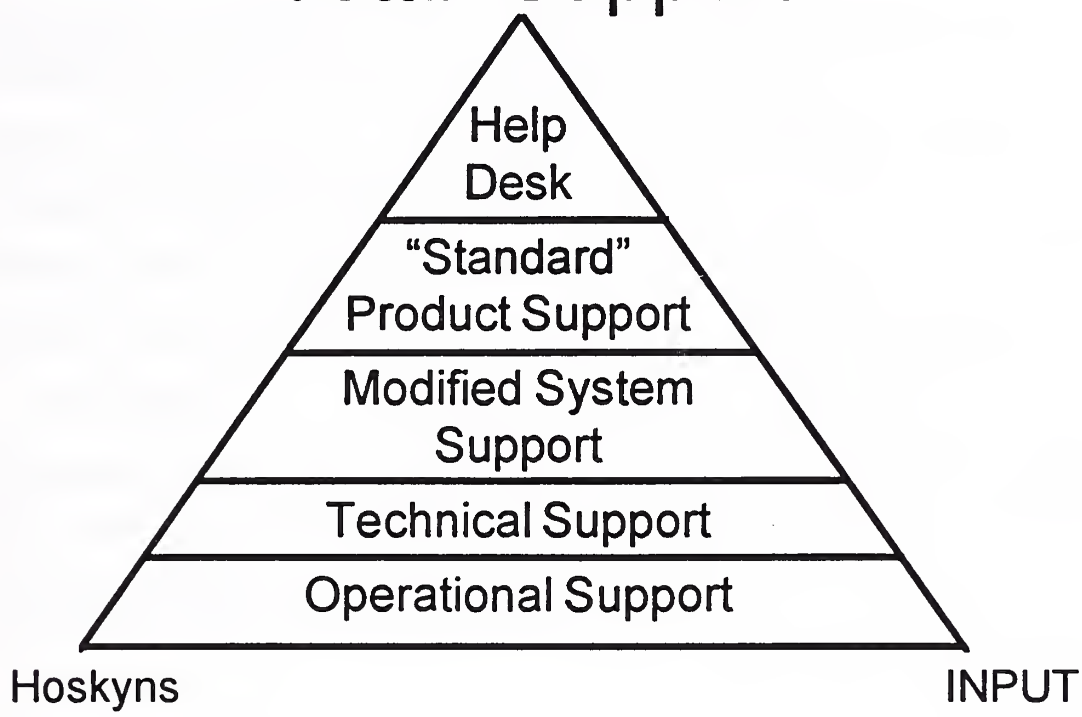
Features of HAP Services

- Close working relationships with our suppliers
- Giving customers a fair hearing — user group. — senior user group.
- Standard support vs value-added
- Application and roll-out of best practice
- Problem ownership — PROCEDURE BASED.
- Training is key ⇒ Help desk monitoring pro-active for training.

Hoskyns INPUT

Notes:

"Total" Support



Notes:

Futures

- Single supplier for ALL services gives continuity: AM/Desktop/Product Support/Tech etc.
- More competition in the service marketplace as margins tighten elsewhere — RISK
- Responsive customer service will be key — INF. SYSTEMS SUPPORT SUCS
- More focus on *Quality* service as a discriminator
  - ISO9000 - Total Quality Management
- Service providers will need a broader range of skills as users become more empowered
- Key elements won't change

Hoskyns INPUT

Notes:

Oracle Worldwide Customer Support

A World of Choice

Roy Hanif
Customer Services
Marketing Manager

Frankfurt • London • New York • Paris • San Francisco • Tokyo • Washington

Oracle INPUT

Notes:

Roy Hanif is a specialist in computer services marketing.

As a management consultant he has carried out strategic assignments for many of the leading international vendors.

He was recently appointed customer services marketing manager for Oracle Corporation UK Ltd.

Over ten years in IT sales and marketing includes:

- sales management at Rank Xerox,
- sales & marketing management at Siemens and
- strategic services marketing at INGRES

Situation Today

- Market trends
- Making business decisions
- Customer support organisation
- Customer care programmes
- TQI policy

Oracle INPUT

Notes:

Coming Soon

- Improving the POC
- Increased research and NPD

Oracle INPUT

Notes:

Software Support Conclusions

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Notes:

INPUT's Software Support Research

Quantitative

- Forecasts 16 countries
- Vendor revenue analysis
- User needs

Strategic Perspectives

- New open competition
- Client/server training
- Vendor strategies

Support Services

- Consultant access
- Briefings
- Info centre
- Client meetings

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Notes:

Software Support Future Research Areas

- Helpdesk services, best practice
- Multi-vendor support, case studies
- Pricing strategies and tactics
- Legacy software product support
- Software product release management

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Notes:

Keys to Success

- Use of technology
- Pricing
- Customer sensitivity
- Services (solution) orientation
- Standards

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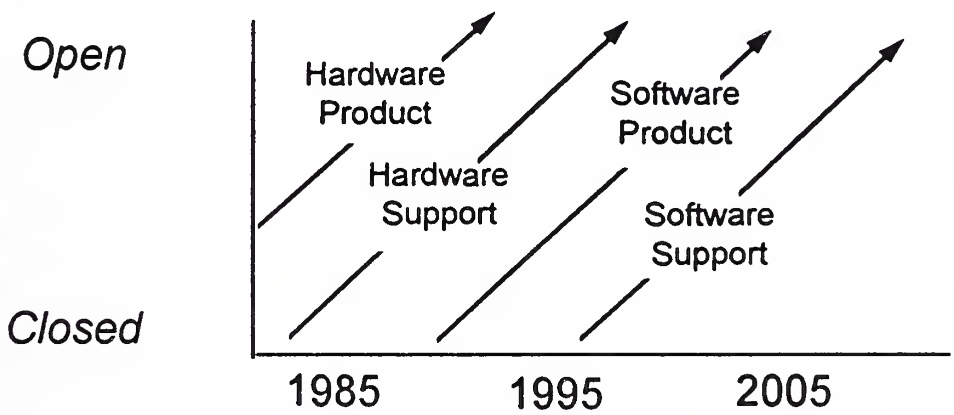
Notes:

Software Support Enters the Open Market



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Notes:

The key success factors in the open software support market will be:

- tailored service levels,
- value-based pricing and
- delivery cost containment.

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- Software and Services Market Forecasts
- Software and Services Vendors
- U.S. Federal Government
  - Procurement Plans (PAR)
  - Forecasts
  - Awards (FAIT)
  - Agency Procurement Requests (APR)
- Commercial Application (LEADS)

Custom Projects

For Vendors–analyze:

- Market strategies and tactics
- Product/service opportunities
- Customer satisfaction levels
- Competitive positioning
- Acquisition targets

For Buyers–evaluate:

- Specific vendor capabilities
- Outsourcing options
- Systems plans
- Peer position

Other Services

Acquisitions/partnerships searches

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